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**STATE BOARD OF EQUALIZATION**

August 24, 1955

M--- M--- Company  
XXXX --- Avenue  
--- --- XX, California

Your letter of June 2  
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Attention: Mr. C. S--- M---

Gentlemen:

You are in the mold making and foundry business and inquire concerning the application of sales tax to molds. In a typical transaction you will receive a purchase order from a customer for a mold and for casting to be produced from the mold. The purchase order certifies both mold and castings to be for resale. After making the mold, you pour a sample casting as proof to the customer that the mold is satisfactory. You then invoice the customer for the mold and thereafter use the mold to produce the castings.

Section 6007 of the Sales and Use Tax Law defines the term "retail sale" as "a sale for any purpose other than resale in the regular course of business." The problem is then to determine whether your sale of the mold to the customer is for resale in the regular course of business. You state that sale of the mold occurs at the time it is invoiced to the customer, which is before the mold is used to produce castings.

You are therefore selling the mold to the customer and he is allowing you to use the mold to produce castings. He thereupon makes a use of the mold, and he is purchasing the mold for some purpose other than resale. Accordingly, your sale of the mold is at retail and is taxable. You should regard the customer's resale certificate as applicable to the castings but not to the mold.

Very truly yours,

Bill Holden  
Associate Tax Counsel

BH:TJ